

Donate Life America
Financial Statements
September 30, 2021

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Financial Statements

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Independent Auditor's Report

Board of Directors
Donate Life America
Richmond, Virginia

We have audited the accompanying financial statements of Donate Life America (a nonprofit organization), which comprise the statement of financial position as of September 30, 2021, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Donate Life America as of September 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Alabama, Jenkins & Cheatham

Richmond, Virginia
January 25, 2022

Statement of Financial Position

Donate Life America

September 30, 2021

Assets

Current Assets

| | | |
|---------------------------|----|--------------|
| Cash and cash equivalents | \$ | 1,532,423 |
| Accounts receivable | | 41,594 |
| Campaign materials | | 35,490 |
| Prepaid expenses | | 37,429 |
| Security deposit | | <u>3,900</u> |

Total Current Assets 1,650,836

| | | |
|---------------------------------|--|--------------|
| Investments, available for sale | | 1,191,760 |
| Property and equipment, net | | <u>2,760</u> |

Total Assets \$ 2,845,356

Liabilities and Net Assets

Current Liabilities

| | | |
|------------------|----|----------------|
| Accounts payable | \$ | 72,619 |
| Deferred revenue | | 68,000 |
| Accrued vacation | | <u>108,234</u> |

Total Liabilities 248,853

Net Assets

| | | |
|----------------------------|--|---------------|
| Without donor restrictions | | 2,559,931 |
| With donor restrictions | | <u>36,572</u> |

Total Net Assets 2,596,503

Total Liabilities and Net Assets \$ 2,845,356

See Independent Auditor's Report and Notes to Financial Statements

Statement of Activities

Donate Life America

Year Ended September 30, 2021

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|---------------------|
| Operating Activities | | | |
| Contributions | \$ 2,028,013 | \$ 5,000 | \$ 2,033,013 |
| Fees and other revenue | 196,100 | | 196,100 |
| Campaign materials and brochures | 50,840 | | 50,840 |
| Interest and dividends | 21,438 | | 21,438 |
| | <u>2,296,391</u> | <u>5,000</u> | <u>2,301,391</u> |
| Expenses and Losses | | | |
| Program activities | 1,742,070 | 10,129 | 1,752,199 |
| Management and general | 129,995 | | 129,995 |
| Fundraising | 96,382 | | 96,382 |
| | <u>1,968,447</u> | <u>10,129</u> | <u>1,978,576</u> |
| Change in Net Assets from Operating Activities | 327,944 | (5,129) | 322,815 |
| Non-operating Activities | | | |
| Other income | 177,900 | | 177,900 |
| Investment return, net | 18,077 | | 18,077 |
| | <u>195,977</u> | | <u>195,977</u> |
| Change in Net Assets | 523,921 | (5,129) | 518,792 |
| Net Assets at Beginning of Year | <u>2,036,010</u> | <u>41,701</u> | <u>2,077,711</u> |
| Net Assets at End of Year | <u>\$ 2,559,931</u> | <u>\$ 36,572</u> | <u>\$ 2,596,503</u> |

See Independent Auditor's Report and Notes to Financial Statements

Statement of Functional Expenses

Donate Life America

Year Ended September 30, 2021

| | Program Activities | Supporting Activities | | | Total |
|-----------------------------|-----------------------|---------------------------|------------------|------------------------|---------------------|
| | | Management and General | Fundraising | Supporting Subtotal | |
| Wages and benefits | \$ 1,135,059 | \$ 106,829 | \$ 93,475 | \$ 200,304 | \$ 1,335,363 |
| Campaign production expense | 210,155 | | | | 210,155 |
| Website maintenance | 131,732 | | | | 131,732 |
| Meetings and travel | 86,889 | 4,573 | | 4,573 | 91,462 |
| Rent | 59,978 | 3,157 | | 3,157 | 63,135 |
| Office supplies | 27,932 | 3,103 | | 3,103 | 31,035 |
| Postage | 23,251 | 2,907 | 2,907 | 5,814 | 29,065 |
| Other | 24,711 | | | | 24,711 |
| Contract services | 19,893 | 1,047 | | 1,047 | 20,940 |
| Telephone | 11,312 | 595 | | 595 | 11,907 |
| Campaign materials expense | 10,745 | | | | 10,745 |
| Donor restricted expenses | 10,129 | | | | 10,129 |
| Depreciation | | 7,784 | | 7,784 | 7,784 |
| Exhibiting | 413 | | | | 413 |
| Total Expenses | <u>\$ 1,752,199</u> | <u>\$ 129,995</u> | <u>\$ 96,382</u> | <u>\$ 226,377</u> | <u>\$ 1,978,576</u> |

See Independent Auditor's Report and Notes to Financial Statements

Statement of Cash Flows

Donate Life America

Year Ended September 30, 2021

Cash Flows from Operating Activities

| | |
|-----------------------------------|---------------|
| Contributions and support | \$ 2,309,683 |
| Payments to employees and vendors | (1,950,015) |
| Interest and dividends | <u>21,438</u> |

Net Cash Provided by Operating Activities 381,106

Cash Flows from Investing Activities

| | |
|-------------------------|----------------|
| Purchase of investments | (1,048,455) |
| Sale of investments | <u>374,852</u> |

Net Cash Used by Investing Activities (673,603)

Cash and Cash Equivalents at Beginning of Year 1,824,920

Cash and Cash Equivalents at End of Year \$ 1,532,423

See Independent Auditor's Report and Notes to Financial Statements

Notes to Financial Statements

Donate Life America

September 30, 2021

Note A - Nature of Organization

Nature of Organization

Donate Life America (the “Organization”), a Virginia nonstock, not-for-profit corporation, is made up of national partnering organizations and state teams throughout the United States whose principal purpose is to increase organ, eye, and tissue donation. To achieve this mission, the Organization’s program service has various educational campaigns that use national print, broadcast media, social media, internet, and community-based programs to educate the public about the virtues and benefits to society of registering to be an organ, eye, and tissue donor.

The Organization has elected to change its year end from September 30 to December 31, effective December 31, 2021.

Note B - Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (GAAP) for not-for-profit organizations. Under the provisions of this guidance, the Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors; net assets without donor restrictions and net assets with donor restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization’s board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

As of September 30, 2021, the Organization had net assets with donor restrictions totaling \$36,572.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Notes to Financial Statements

Donate Life America

September 30, 2021

Note B - Summary of Significant Accounting Policies - Continued

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash or cash equivalents.

Campaign Materials

Campaign materials, which includes various educational materials related to organ, eye and tissue donations, are sold to Organization members for use in local campaigns. Campaign materials are valued at the lower cost or market using a method that approximates the first-in, first-out (FIFO) method.

Tax Status

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and will be taxed only to the extent it has taxable trade or business income unrelated to its exempt purpose. At September 30, 2021, fiscal years 2017 through 2020 remain subject to examination by federal and state taxing authorities. Management annually reviews its tax positions and has determined that there are no material uncertain tax positions that require recognition in the financial statements.

Revenue Recognition

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restriction upon acquisition of the assets and the assets are placed in service.

The Organization bills its members a voluntary assessment for the support of Organization activities. These billings are considered by management of the Organization to be voluntary assessments. Since the assessments are voluntary in nature, revenue is not recognized until funds are received by the Organization. Campaign materials revenue is recognized when the items are shipped to the various local coalitions. Other revenues are recognized when earned.

Advertising Costs

The Organization expenses advertising costs as incurred. For the year ended September 30, 2021, the Organization had no material advertising expense.

Notes to Financial Statements

Donate Life America

September 30, 2021

Note B - Summary of Significant Accounting Policies - Continued

Accounts Receivable

The Organization provides credit, in the normal course of operations, to its coalition members. Accounts receivable are recorded at the invoiced amount and do not bear interest. The Organization does not have any off-balance-sheet credit exposure related to its members. The Organization provides an allowance for doubtful collections that is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Delinquent receivables are written off by management based on an individual customer account analysis considering the unique circumstances of each customer. No allowance for doubtful collections is considered necessary as of September 30, 2021. The difference between the allowance not recorded and that which would be acceptable under GAAP was immaterial.

Property and Equipment

Property and equipment are stated at cost. The Organization follows the practice of capitalizing all material expenditures for property and equipment. Expenditures for repairs, maintenance, and minor renewals are expensed in the period incurred. Depreciation is provided on a straight-line basis over estimated useful lives of five to ten years.

Contributed Materials and Services

The value of contributed materials and the value of contributed services that either (a) created or enhanced a nonfinancial asset or (b) required specialized skills, was provided by individuals possessing those skills, and would have been purchased if not contributed, are recorded at their fair values in the period received.

During the year ended September 30, 2021, the Organization received no material non-cash contributions or donations of materials or tangible assets which would be reflected in the financial statements.

The Organization also receives a significant amount of contributed services from unpaid volunteers who assist the Organization with many projects. No amounts have been recognized in the statement of activities for these services because the criteria for recognition under GAAP have not been satisfied.

Deferred Revenue

Deferred revenue consists of annual meeting registration fees and sponsorship fees received in advance of the meeting which was held subsequent to September 30, 2021.

Functional Allocation of Expenses

The costs of providing the organ, eye, and tissue donation educational programs have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs and supporting services.

Notes to Financial Statements

Donate Life America

September 30, 2021

Note B - Summary of Significant Accounting Policies - Continued

Investments

Investments are stated at fair value. Net appreciation (depreciation) in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments, is presented in the statement of activities in accordance with donor restrictions as investment return. Investment return is presented net of investment fees. The specific identification method is used to determine the basis for computing realized gains or losses.

Investment income classified as operating revenue consists of interest and dividend income on investments and spending approved for use in operations. All other realized and unrealized gains or losses are classified as non-operating activities and are available to support operations in future years to offset potential market declines.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program activities and supporting activities benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

| <u>Expense</u> | <u>Method of Allocation</u> |
|---------------------|-----------------------------|
| Wages and benefits | Time and effort |
| Meetings and travel | Full time equivalent |
| Rent | Square footage |
| Postage | Full time equivalent |
| Office supplies | Full time equivalent |
| Contract services | Full time equivalent |
| Telephone | Full time equivalent |

Notes to Financial Statements

Donate Life America

September 30, 2021

Note C - Employee Benefits

The Organization adopted a 401(k) profit-sharing retirement plan effective January 1, 2013. Eligible participants are full-time employees, age 21 or older, who have worked a minimum of 1,000 hours of services within a consecutive 12-month period. Salary deferrals are limited to specific dollar amounts determined by the Internal Revenue Service. The Organization will contribute up to 10% of the employee eligible compensation. The Organization contributed \$38,301 to the plan for the year ended September 30, 2021.

Note D - Concentrations of Credit Risk and Contributors

The Organization maintains cash and cash equivalents within a single banking institution. Balances at banks are insured by the Federal Deposit Insurance Corporation up to \$250,000 for each financial institution. Cash balances exceeded the insured amount by approximately \$1,335,000 at September 30, 2021.

Note E - Lease Commitment

In September 2010, the Organization entered into an operating lease for an office facility. The period of the lease was from November 1, 2010 through September 30, 2017 with one optional five-year renewal period. During the year ended September 30, 2017, the Organization renewed the lease for five years, through September 30, 2022, with an option to cancel after two years. Future non-cancelable minimum lease payments under this office space lease consist of the following at September 30, 2021:

| <u>Year Ending September 30,</u> | <u>Amount</u> |
|----------------------------------|---------------|
| 2022 | \$ 62,967 |
| 2023 | 65,014 |

Rent expense for the year ended September 30, 2021 was \$63,135.

Note F - Subsequent Events

Management has evaluated subsequent events through January 25, 2021, the date which the financial statements were available to be issued.

Notes to Financial Statements

Donate Life America

September 30, 2021

Note G - Property and Equipment

Property and equipment by class of property as of September 30, 2021 was:

| | |
|--------------------------|------------------|
| Furniture and equipment | \$ 135,624 |
| Leasehold improvements | <u>72,010</u> |
| | 207,634 |
| Accumulated depreciation | <u>(204,874)</u> |
| | <u>\$ 2,760</u> |

Depreciation expense for the year ended September 30, 2021 was \$7,784.

Note H - Accrued Vacation

Full-time employees are eligible for paid annual leave based on years of experience. The amount of annual leave is prorated during the first year of employment. New employees may begin using and accruing annual leave after three consecutive months of employment. In years one through three of employment, the employee is granted 14 vacation days. In years four through ten of employment, the employee is granted 17 vacation days. In years eleven through fourteen of employment, the employee is granted 24 vacation days. Beginning the fifteenth year of employment, the employee gains 1 additional vacation day per year of service up to the twentieth year, for a maximum of 30 days.

Annual leave is not paid in lieu of taking actual time off. Unused annual leave may be carried over from one year to the next, but the maximum amount of time that may carry over is the equivalent of what the employee accrued for two years. Earned but unused annual leave will be paid out upon separation from the organization, to a maximum of two years' accrual; any time the employees may have earned exceeding this amount will be forfeited. As of September 30, 2021, the Organization's accrued compensated vacation balance for all employees is \$108,234. This obligation is accrued in net assets without donor restrictions and is not charged to any program until the expense is incurred.

Note I - Liquidity

The Organization's financial assets available within one year of the balance sheet date for general expenditure are as follows:

| | |
|---------------------------|---------------------|
| Cash and cash equivalents | \$ 1,532,423 |
| Accounts receivable | 41,594 |
| Campaign materials | 35,490 |
| Prepaid expenses | 37,429 |
| Security deposit | <u>3,900</u> |
| | <u>\$ 1,650,836</u> |

Notes to Financial Statements

Donate Life America

September 30, 2021

Note I - Liquidity - Continued

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in various investments.

Note J - Fair Value

The Organization determines the fair value of its financial instruments based on the fair value hierarchy established in accounting standards which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Accounting standards define fair value as the exchange price that would be received for an asset or liability in the most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Accounting standards define 3 levels of inputs that may be used to measure fair value:

Level 1 - Inputs are based on quoted market within active markets. Level 1 assets include debt and equity investments that are traded in an active exchange market.

Level 2 - Inputs are based primarily on quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity that are significant to the fair value of the assets or liabilities.

The Organization's investments are reported at fair value in the accompanying financial statements as of September 30, 2021:

| Investments | Carrying Value | Fair Value Measurements | | |
|---------------|---------------------|-------------------------|-----------|-----------|
| | | Level 1 | Level 2 | Level 3 |
| Equities | \$ 593,544 | \$ 593,544 | \$ | \$ |
| Mutual Funds | 598,025 | 598,025 | | |
| Highly Liquid | 191 | 191 | | |
| | <u>\$ 1,191,760</u> | <u>\$ 1,191,760</u> | <u>\$</u> | <u>\$</u> |

During the year ended September 30, 2021, the Organization did not have any significant transfers between Level 1, 2, or 3. The Organization's policy is to recognize all transfers in and out of all levels at the end of the period. The level in the fair value hierarchy within which measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Notes to Financial Statements

Donate Life America

September 30, 2021

Note K - Investments

As of September 30, 2021, the Organization's investments consisted of the following:

| <u>Investments</u> | <u>Cost</u> | <u>Gross Unrealized Gain</u> | <u>Gross Unrealized Loss</u> | <u>Fair Market Value</u> |
|--------------------|---------------------|----------------------------------|----------------------------------|------------------------------|
| Equities | \$ 556,400 | \$ 39,838 | \$ (2,694) | \$ 593,544 |
| Mutual Funds | 594,778 | 10,622 | (7,375) | 598,025 |
| Highly Liquid | 191 | | | 191 |
| | <u>\$ 1,151,369</u> | <u>\$ 50,460</u> | <u>\$ (10,069)</u> | <u>\$ 1,191,760</u> |

A summary of interest and dividends and investment return as shown on the Statement of Activities consists of the following for the year ended September 30, 2021:

| | |
|------------------------|------------------|
| Interest and Dividends | <u>\$ 21,438</u> |
| Investment Return | |
| Net Unrealized Gain | 12,869 |
| Net Realized Gain | 12,305 |
| Advisory Fees | (7,097) |
| | <u>\$ 18,077</u> |

Net realized loss, captioned above, consists of gross short-term gains and losses of \$12,482 and \$(3,409), respectively and long-term gains and losses of \$3,232 and \$0, respectively.

Note L - Paycheck Protection Program

In 2020 the Organization applied for and received Paycheck Protection Program loan funds in the amount of \$177,900 through the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). The loan was forgivable as long as certain criteria were met. During the year ended September 30, 2021, the Organization received notification that all criteria had been met and the loan was fully forgiven. As of and for the year ended September 30, 2021, the loan has been written off and the subsequent forgiveness of \$177,900 was recorded as other income in the Statement of Activities.

Note M - Net Assets with Donor Restrictions

The John Brockingham Foundation contributed \$5,000 during fiscal year 2021. This amount can only be utilized for the WoMen Encouraging Living Donation (WELD) initiative and has no time restrictions.

Notes to Financial Statements

Donate Life America

September 30, 2021

Note N - COVID-19

In December 2019, a novel strain of coronavirus (COVID-19) surfaced in Wuhan, China and has spread around the world, with resulting business and social disruption. COVID-19 was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The COVID-19 pandemic is having widespread, rapidly evolving, and unpredictable impacts on global society, economies, financial markets, and business practices. The Organization to date has not seen significant disruption or significant operational restrictions, but the substantial uncertainty and the nature and degree of the pandemic and resulting effects over time could result in disruption or restriction on the Organization's ability to operate normally. The Organization's clients are also affected by the outbreak, which could delay their payments. The Organization may also experience difficulties with suppliers or with vendors in their supply chain, which could have negative effects on operations. Overall, the future impact of the pandemic with respect to the Organization is difficult to predict and could adversely impact its overall operations in the future.

Note O - FASB ASC 606 New Accounting Guidance

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU replaced most existing revenue recognition guidance in U.S. GAAP. As of January 1, 2020, the Organization adopted the new standard using the modified retrospective method. The implementation of the new standard had no material impact on the financial statements.